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PROSPECTS OF THE MEAT PACKING INDUSTRY

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Within twenty years the meat packing industry in this country has grown to extraordinary proportions. The entire meat output of the United States may be safely computed at \$1,200,000,000, and five or ten of the largest houses report their annual sales at about \$700,000,000. However, a great many food articles other than meat enter into these sales, and reduce the meat sales proper to about \$550,000,000, or not quite one-half the total business of all the packers for one year. The transactions of the five large corporations are immense; yet it will be seen that they do not control the meat industry. It is too much scattered, localized and diversified for any one combination to control, and it is best for the packers, large and small, and the general public, that it should be as it is.

The panic which came in October and continued to November, 1907, did not in the beginning affect the meat business disastrously. On the contrary, for at least six months, it was rather a blessing in disguise. Coming as it did at the commencement of the packing season, when the large droves of stock prepared and fed for market usually begin to pour in, with money tied up in banks and withdrawn from circulation, live stock dropped at least twenty per cent in price as compared with what it would have been if normal conditions had prevailed. Consequently, for the whole winter season, packers, who could raise the money, realized substantial profits on the raw material laid in at low prices. Nor did the demand for meat slack off by reason of the stagnation and general depression in business. The lower prices invited consumption, and, notwithstanding the increased packing, stocks of provisions did not accumulate so as to be burdensome. All went well with the packers until about the first of July, 1908, when live hogs again began to advance to a much higher level of values. The great prolonged drought of last year seriously endangered the corn crop and consequently the fall months saw vast droves of immature live stock

rushed into the markets, and as the packers thought they foresaw a great scarcity in the later winter and early spring months, they all brought high prices. In this they erred, for the hogs continued to arrive in larger number than expected, and as a result, in the spring of the present year, the meat cellars were well filled with high-priced hog products.

The effects of the drought on live stock were not felt until May and June, when the greater part of the winter packing had been marketed without profit to the packers. The last two months—July and August—have witnessed higher prices for hogs than at any time but once for the last twenty years (\$8.45 for live hogs). On the whole, the packing season for the year now closed, October 1, 1909, has been very unprofitable to pork packers in this country.

Owing to the exceedingly high price for hides and fat products, beef packing shows somewhat better results, but the margin of profit in this branch of the packing industry has been light. Our foreign exports of provisions have fallen off very materially in the past year. Up to ten years ago packers depended upon the foreign trade to take the surplus, but with the increased consumption at home and the consequent higher prices, Europe has not been so liberal a buyer of our provisions. Great Britain is the only buyer of any magnitude. Exports of meat and dairy products were valued as follows for the past nine years:

1901	\$196,959,637	1906	\$190,766,669
1902	199,861,378	1907	180,342,341
1903	179,027,586	1908	170,498,626
1904	176,027,586	1909	146,280,220
1905	169,999,685		

On this the "National Provisioner," a journal devoted to the packing interests, thus comments:

The showing for the past year is one not calculated to encourage our exporters and the trade as a whole. Conditions existing abroad for the past two years which have decreased Europe's buying powers, have undoubtedly affected the volume of this trade. The same thing was felt in the United States for a shorter period following the financial disturbance of 1907, but Europe has taken longer to recover. There are present signs of recuperation, but they do not in the case of most of our products afford us any encouragement.

As long as foreign governments can discriminate against our meat products as Germany and France do now, so long will there be no chance

for improvement. More than that, our trade with these countries is rapidly being wiped out, and when this is accomplished it will take more than amended tariffs and commercial treaties to get it back again. The tariff bill now pending in Congress offers us hope of relief in this direction through the maximum and minimum provisions it contains, giving the President the power to retaliate against those countries which do not give our products fair treatment.

We have heard a great deal of late about the "unwise" and "infamous" character of this policy of retaliation as contrasted with a policy of "conciliation." After a study of the figures quoted here and of the conditions which have confronted our export trade in some countries, the only policy of "conciliation" which would seem to be at all reasonable or effective is this "conciliation with a club" which is contained in the new tariff law. Our friends, the importers of foreign commodities, do not like it, of course. That is natural, and it is from them and their organs that the opposition to it arises.

There is every prospect that this feature of the tariff bill will become law, and that under the wise, far-seeing administration of Mr. Taft it may be effective in giving our industry the foreign outlet for its surplus products which it needs and to which it is entitled.

The writer of the above is somewhat blunt in his description of the situation, but what he states is a fact which we must face sooner or later. The foreigners who find a market here for their wares and shut their doors against the products of our soil should be made to taste of their own medicine.

Reciprocity, the principle of "give and take," is not only beneficial to individuals, but to nations as well. It is noticeable also that the prejudice against American products is so strong among the most prominent of the continental nations of Europe that no opportunity is permitted to pass wherein a drive can be made at American meat or live stock. The recent canned meat scandal was used as a powerful weapon against the meat packers. So much so, that the canning industry was practically annihilated for two years; nor has it risen to its normal condition as yet.

It would astound many to know the tremendous losses sustained by the unlucky holders of canned meats upon the breaking out of the so-called scandal. The trade was paralyzed in this country and Great Britain, and coming as it did at a time when dealers had laid in full supplies of the article and borrowed heavily from banks to carry the goods for which there was no market, the strain was most oppressive. The indiscreet and violent manner in which those in authority sought to correct an alleged evil in the manufacture of

an important product in general use, and held up our large packing houses to public reprobation, was taken hold of by the sensational press. The American packers were brought to shame before the whole world, and competitors in other countries, taking advantage of all this, used it against us in a most effective manner.

The bumper crop of corn which is assured this year means much cheaper meat for the people. Statisticians estimate the production at three billions, which is the largest on record. However, it must be borne in mind that corn is so universally used as food for man and beast at present, and for manufacturing purposes also, that the price will be well maintained. When corn can be had at fifty cents per bushel at the seaboard, exporters will become buyers for it and they will not permit a large surplus to accumulate. It is estimated that eighty per cent of the corn crop is used by the farmers themselves in the fattening of stock, as this is generally more profitable than selling the grain. Other crops give promise of a generous yield, and we may reasonably expect a revival in all lines of business this fall.

The best evidence of good times for some time to come lies in the fact that the agriculturists are better off now than they ever have been in this country. Abundant crops for the past ten years, coupled with a continuous and steadily increasing demand for all farm products at unusually profitable prices, have brought heavy gains to the coffers of the farmers. There is no surer means of livelihood offered in this country than farming. I have before me an editorial from the Cincinnati "Enquirer" which is to the point. The writer says:

In professional life it is well known that but few grow rich and the many barely earn a living, even in the prosperous United States. In Great Britain it is said statistics show that but fifteen per cent of professional men have living incomes. In industrial pursuits the eras of prosperity and those of depression succeed each other so rapidly that it is most difficult for the owner or operative to save enough from the years of activity to sustain and carry through the years of dullness or enforced idleness. Statisticians a score of years ago placed the final failures in mercantile affairs at ninety-five per cent of those who engaged in traffic, and while the percentage of recent years has no doubt been reduced very much below those figures, yet it is well known that two fail where one succeeds in merchandising.

It is in the tilling of the earth that lies the safest and most certain return to man for his labor. The advance in the agricultural development during the past thirty years, in combination with advanced prices for

products, vastly greater and better transportation facilities for reaching markets and the creation of new markets and constant growth in demand in every part of the world, have tremendously increased the possibilities, probabilities and certainties of amassing fortunes through agriculture.

Every county in every state in the entire Union needs tillers of the land and every city, village and hamlet would have greater comfort and larger volume of prosperity if millions of farmers were added to our population. No class of all the classes of workers in our nation has made the profits and saved such a large percentage of its earnings during the last twelve years as has the farmer class. This year, while the banner year for those who till the land, is but one of a long series in which the profits have come to them from their work.

The prosperity that has attended farming has been confined to no section of the Union. It has been abiding in the East, the North, the South and the West, and from each and all of those regions to-day come invitations to millions of other men to join with those who already are enjoying the rewards of their foresight and labor. The opportunities to secure independence, comfort and profit upon the lands of the United States were never so numerous or so available as they are to-day. The very best possible results to our government and our people would be obtained through a great increase in the number of those who derive their income through the products of the soil.

The writer of the foregoing is absolutely correct. The tremendous growth of our cities of late years does not make for national virility. The precarious means of existence which the busy marts of commerce afford is not to be compared with life in the country, and the wonder is why the millions who flock to these shores from the overpopulated countries of Europe instead of crowding into the cities do not take advantage of the vast domain whose fertile soil and diversified climate, with ready markets for what the earth produces, make an absolute certainty of comfortable and independent living. The tendency now, however, is to urban life, not only here but in Europe, and it seems as if the tide cannot be arrested until it has spent its force. While the necessities of life through our continuous growth in population may not cheapen materially even with the abundant crops assured this year, still there will be enough for all and considerable left after our wants are supplied to sell to our less favored brethren in other countries.

We have one thing to be thankful for—when the people of this country elected Mr. Taft to the presidency, they builded wiser than they knew. After the strain and the excitement of the previous administration and the lack of confidence caused by the panic, an

era of quiet and rest in order to recuperate our wasted energies and settle our over-wrought nerves became absolutely necessary. The great good sense, discretion and tact injected into governmental affairs by Mr. Taft have wrought a wonderful change for the better, and it now looks, with abundant crops and the new stimulus, life and activity apparent on every side, as if we are about to enter on a long period of unprecedented prosperity.